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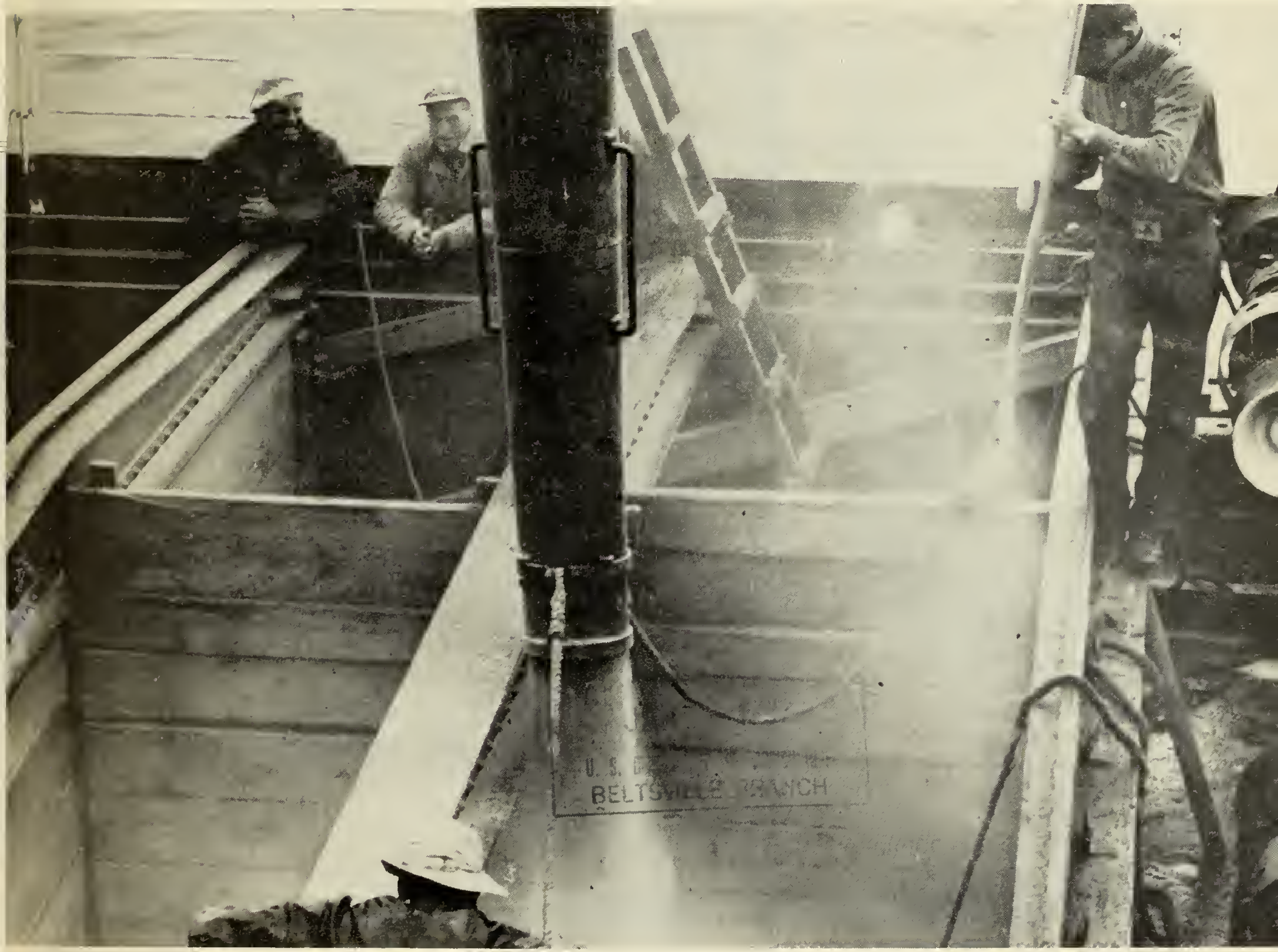

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BELTSVILLE BRANCH

Communist China's Agriculture

Bad Weather Cuts Europe's Crops

More African Coffee Used

UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

VOL. XX . . No. 11 . . NOVEMBER 1956

To report and interpret world agricultural developments.

Meeting World Market Competition

In this issue of *Foreign Agriculture*, as in previous ones, we report on changes in the world's production and trade, and how they affect competition for markets.

Competition has taken on positive meaning in the foreign marketing of U.S. farm products. During and immediately after World War II, this was not so. But now many nations, both importing and exporting, have substantially expanded their agricultural production. One reason our export level is relatively good at present is that our marketing effort has been intensified as the competition grew.

An outstanding aid as American agriculture meets foreign market competition is the world agricultural intelligence provided by the Department's network of agricultural attaches working abroad. From them comes a steady flow of information on what's happening in world agriculture and why, what competitors are doing, and what the opportunities are for the United States.

From this information, FAS analyses the factors bearing on our own and our competitors' ability to win and hold world markets. An example of this analysis is its comprehensive annual report on the foreign competition encountered by U.S. farm products. The second issue will be released early in 1957.

Cover Photograph

This Oregon wheat pouring into the hold of the S. S. *Nico* is the first of 12 U.S. wheat cargoes going to India as part of the new $360.1 million P.L. 480 agreement.

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What Is Happening To Our Mexican Market?

By KATHRYN H. WYLIE and ANA M. GOMEZ
Foreign Agricultural Service

Mrs. Gomez.

Mrs. Wylie.

Two USDA representatives—Mrs. Ana M. Gomez, Assistant Agricultural Attaché, Mexico, and Mrs. Kathryn H. Wylie, Assistant Chief, Latin American Analysis Branch,—spent several weeks traveling through Mexico this summer. They knew the Mexican market for U.S. agricultural exports had fallen off in the past 2 years. To determine whether this shrinkage is likely to be permanent or is merely a temporary development, they studied at first hand the agricultural growth of the country. In a series of three articles, of which this is the first, they appraise what is happening there and its relationship to U.S. agriculture.

Mexico, our closest Latin American neighbor, has been a good market for agricultural products from the United States for many years, and in turn the United States is the best market Mexico has for its agricultural exports. The economies of the two countries have tended to complement each other. Mexico has shipped north its coffee, bananas, cacao, pineapples, henequen, tomatoes, cattle, and sugar, while the United States has sold Mexico wheat, corn, lard, tallow, processed milk, eggs, poultry, and fruits.

Today this trade still goes on but the balance has shifted. Mexico, in its desire for self-sufficiency, has stepped up its agricultural production, particularly of the basic food crops. Thus, while most of the agricultural items imported into Mexico still come from the United States, the totals are declining. At the same time, U.S. agricultural imports from Mexico are rising steadily.

Efforts To Up Production

Mexico's efforts to attain self-sufficiency in foodstuffs go back some 10 to 15 years. During that time output increased, but further expansion was held back by lack of water in many parts of Mexico, scarcity of trained technicians, primitive methods of cultivation, farming of worn-out soils, and lack of improved seeds. So until 2 years ago, increasing population and greater per capita consumption absorbed this new production as well as the higher quantities of imports.

All this is beginning to change. Probably the principal factor in this change is irrigation. Almost 1,600,000 acres of land were either newly irrigated or improved during the past 3 years; and in addition to government projects, many areas were opened to cultivation through private irrigation—mostly wells.

Another important factor has been the work which the Office of Special Studies of the Ministry of Agriculture began about 12 years ago, in cooperation with the Rockefeller Foundation, to develop new high yielding varieties of the basic foods. Today this office has four main experiment stations in different areas of the country where excellent results are being obtained.

The Office of Special Studies has also contributed greatly to Mexico's growing pool of agricultural knowledge and skill. The agricultural schools of Mexico are turning out more trained people to man the new projects of the government; and the student exchange program has provided training for many of Mexico's men and women. Another important development was the establishment of an agricultural extension service 3 years ago. Extension workers are agronomists graduated from the agricultural schools, and their work is directed primarily to helping the farmer increase his yields of the basic food products—corn, wheat, and beans. They have also made a start on improving livestock production, particularly the raising of hogs and chickens.

Expansion in the volume of credit available to farmers and livestock producers has also led to greater production. Between 1951 and 1955 credit increased 110 percent. Furthermore, government banks now require that farmers receiving loans insure their crop under the new crop insurance program, which covers all risks including hail, drought, floods, hurricanes, fire, frost, disease, and pests. Crop insurance associations of farmers, operating under the supervision of the Ministry of Agriculture, are available in all but four states.

Furthermore, through its agency, CEIMSA, the Mexican Government has regulated supplies and prices of certain basic agricultural products, and has set up minimum price supports to farmers. The price of corn was supported at a level of from $1.02 to $1.22 per bushel (depending upon the location) in November 1955, and was increased 2 percent per unit per month until

Charbray bull at a Mexican experiment station. This breed, a cross between Charollais and Brahman, is suited to Mexico's central plateau.

Corn planted for seed production in the Bajío region towers far above the head of Felix Agramont, Ministry of Agriculture agent.

June 1956. Beans were supported at $4.40 per 100 pounds in November 1955, with a monthly increase of $0.05. Wheat was supported during the past season only in the State of Sonora, at a price of $1.99 per bushel, and rice only in the State of Morelos, at a level of $0.09 per pound for super extra grade, with a minimum of 5 percent broken grains.

Results Obtained

Mexican agriculture has responded to these measures and production has risen at a rapid pace during the past 5 years. The rate of increase has been greater than that for the economy as a whole, as well as that of population growth. Although a large part of the increase has taken place in export crops—principally cotton and coffee—wheat production has risen 45 percent and bean output 44 percent during the 5-year period. Corn production has expanded at about the same rate as population, since only a small part of the land planted to corn is irrigated, and the traditional corn areas are those where rainfall is extremely uncertain.

Not only has Mexican production increased but whole areas of the country are imbued with a new spirit of progress. In the Central Plateau, in the area that is thought of as the "milpa," or subsistence corn and bean economy, the government has directed its efforts toward increasing corn yields in those districts where rainfall is relatively adequate and regular from year to year. Through the use of improved varieties and fertilizer, much progress has been made in the past 2 years, particularly in parts of the States of Jalisco, Michoacan, Veracruz, and Mexico. And though little progress has been made in the Bajío where rainfall is irregular and irrigation limited, even this district is on the threshold of a new era.

The experimental station of the Agriculture Ministry's Office of Special Studies, located just outside of La Piedad, is developing corn varieties suited to conditions in the Bajío. The station is also testing pasture grasses, sorghums, and wheat; and as a result of the work done so far, the Bajío has increased its plantings of summer wheat by 50 percent over a year ago.

The Corn Commission of the Ministry of Agriculture also has good facilities in the Bajío district. It sells improved seed to the farmers at 5 cents a pound and provides warehouses where grain can be stored by the government banks. Several extension agents are stationed there to help farmers, and a pilot project has been started to work with the rural women to enable them to better their standard of living by planting vegetable gardens, raising chickens, and making better uses of farm produce.

Changes in Imports

This development of Mexico's agriculture has changed the pattern of the country's agricultural trade. Agricultural commodities accounted for 58 percent of total exports in 1955 as against 57 percent in the two previous years. But in this same year, the proportion of agricultural products in the country's total imports was 11 percent, compared with 13 percent in 1954 and 18 percent in 1953. The value of agricultural imports also dropped in 1955 below the 1953 level, and there is every indication that the 1956 level will be still lower.

With this decline has come a drastic change in the composition of Mexico's agricultural imports—a change that is indicative of the country's self-sufficiency in food and its industrial development. In 1953 the leading imports were food products; namely, corn, wheat, and beans. In 1955, rubber, wool, lumber, and hides and skins were the principal imports from the point of view of value. Imports of hides and skins have increased nearly four times since 1953, those of wool more than three times, while rubber and lumber have more than doubled.

With regard to foods, Mexico reduced its wheat imports sharply as a result of expanded wheat production and in 1955 became a net exporter of corn and beans—both leading imports in 1953. Where import increases occurred they were principally in cattle for breeding—both dairy and beef—baby chicks, feeds, cottonseed for planting, hops, and essential oils. The increase in breeding stock and chicks reflects the expansion taking place in Mexico's livestock and poultry industries and cannot be expected to continue once these industries have developed sufficiently to provide their own breeding stock.

Although a decline has taken place since 1950 in the position of the United States in Mexico's total trade, this country is still the principal source of imports—agricultural and otherwise. The United States is also Mexico's best customer for its exports. Practically all the food products imported by Mexico and about 80 percent of all its agricultural imports come from the United States. During the last 2 years, for example, the United States supplied from 94 to 100 percent of all grain imports, breeding cattle, animal fats, and untanned hides and skins; all of the fresh fruits and fresh eggs; and almost all of the tobacco and hops. The only commodities imported from other countries to the extent of more than 25 percent during 1955 were cheese, dried eggs, wool, olive oil, dried fish, dried fruits — other than raisins and prunes—seed potatoes, alfalfa seeds, and bulbs.

Policies Affecting Imports

The Mexican Government, in carrying out its economic development program and at the same time protecting as far as possible its foreign exchange position, has followed policies that have greatly affected foreign trade. Imports of many agricultural commodities are subject to permit from the Ministry of Economy as well as from the Ministry of Agriculture. Among them are powdered milk, wheat, fresh fruits, hides and skins, wool, and most fats and oils. Control of imports is also exercised through tariffs, which are set at high levels. The rate is a combination of specific and ad valorem duties, the ad valorem portion being based on the invoice value or on an official value, whichever is the higher. The official value is based on prices in foreign markets and is subject to change by the Ministry of Finance at any time.

Barter transactions have been carried on for several years. Among the most important in 1955 was one for the exchange of Mexican fluorspar for 110,000 short tons of U.S. wheat. Other agreements during the year included the exchange of Mexican chickpeas for Spanish wines and the shipment of Mexican cotton to Italy and Sweden in exchange for artificial fiber. A barter agreement was concluded in June 1956 for the exchange of 1,477 short tons of Mexican beans for 550 tons of Argentine lard.

Imports of certain basic foods continue to be handled exclusively through the government agency, CEIMSA, and these are duty-free. They include corn, wheat, beans, nonfat dry milk solids, lard, and fresh eggs. Imports of wheat and beans have now been stopped because of the abundant supplies from domestic production.

Africa's Robusta Exports Mount As U.S. Drinks More Instant Coffee

The current popularity of instant coffee in the United States has made this country Africa's best coffee customer.

Several of the African coffee-exporting countries grow Robusta coffees, which, while less expensive than the mild, full-flavored Arabica, lend themselves to blending with the latter in the manufacture of many instant coffees. With the advent of soluble coffees, the United States has become an important Robusta buyer, whereas in the past Europe was the main market for this coffee.

The principal sources of Robusta are Uganda, the Belgian Congo, Angola, French West Africa, and Tanganyika. In the case of Uganda, U.S. imports of Robusta have helped move coffee to the top of that country's export list, replacing the traditionally first-place cotton. In 1955, the United States more than doubled its coffee purchases in Uganda, taking some $17.2 million worth of Uganda's $56.3 million total coffee exports.

An even more spectacular increase occurred in the Belgian Congo, where coffee exports to the United States have leaped from 27.3 million pounds in 1953 to 50.7 million pounds in 1955.

Should more U.S. coffee drinkers switch to the instant coffees, these African countries would perhaps find an even greater market for Robusta. On the other hand, brewed coffee made from the Latin American Arabicas is still the U.S. favorite, at a proportion of 7 or 8 to 1, and a price drop for these coffees would probably lessen the demand for the solubles, or stabilize it at the present level.

New Book

The Australian Wheat Industry

With little more than three generations of experience Australia has developed its wheat industry technically and economically to where it compares favorably with that of other major wheat-exporting countries of the world. How this happened as well as the problems that confront the Australian wheat grower today are described in a new book *The Wheat Industry in Australia* written by A. R. Callaghan and A. J. Millington and published by Angus and Robertson, Sydney.

The book is much more than a historical survey. It deals with many important aspects of wheat growing and world trade. The price is 63 shillings, Australian.

WHAT ABOUT AFRICAN TOBACCO?

By ROBERT A. OWEN and F. S. EVERTS
Tobacco Division, Foreign Agricultural Service

For many decades, the U.S. tobacco grower has enjoyed a profitable market for his product in the African continent. But during the past quarter century, Africa itself has been producing more and more tobacco—tobacco that has been entering international trade in ever-increasing quantities. What is more, African leaf has displaced U.S. leaf in a substantial portion of the Western European market—particularly the United Kingdom. What are the prospects for Africa the market and Africa the competitor?

Africa the Market

All types of U.S. leaf tobacco move in some volume to the markets of Africa.

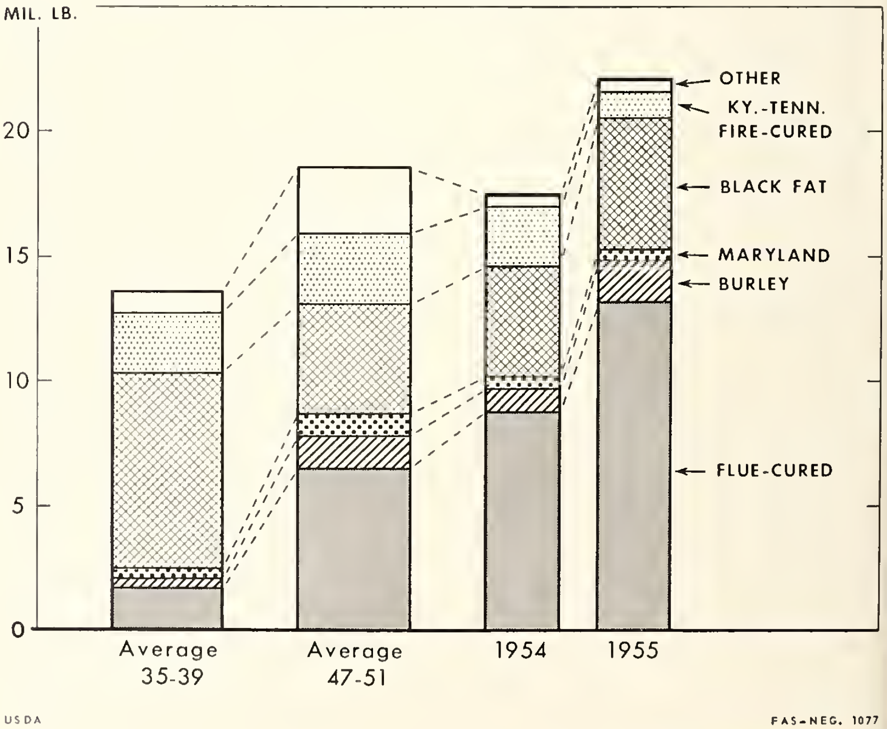
The United States sent nearly two-thirds more leaf to African countries in 1955 than it did just before World War II—22 million pounds against 13.6 million. But a definite shift has occurred in the pattern of export movement. Light cigarette leaf—flue-cured, Burley, and Maryland—accounted for two-thirds of all U.S. tobacco exports to Africa in 1955, as against only 17 percent in 1935-39. Conversely, dark leaf—used principally for chewing and smoking tobacco—has become relatively less important in our trade with Africa. U.S. exports of dark leaf to Africa fell from an average of 11.2 million pounds during 1935-39 to 6.7 million in 1955; those of light cigarette types rose from 2.4 million to 15.3 million.

In recent years, our most important tobacco market in Africa has been Egypt, which in 1955 took more than 9 million pounds of U.S. cigarette leaf, primarily flue-cured and Burley. Exports to Egypt represented more than 40 percent of all U.S. tobacco exports to Africa last year. There is a big demand for U.S. leaf in Egypt, but there is also a severe shortage of dollars. To obtain them for tobacco purchases, importers must pay a premium of 20 percent. It is not likely that U.S. tobacco export trade with Egypt can be maintained under these conditions. In addition, Egypt appears to be definitely orienting itself toward the Soviet Bloc. Communist China, a traditional supplier of tobacco to Egypt, is endeavoring to increase its leaf shipments to the Egyptian market.

Other principal markets for U.S. light cigarette leaf in Africa include Nigeria, the Belgian Congo, and British East Africa. Each of these areas took more than a million pounds last year. Prospects are that they will continue this trade, despite the emphasis they are placing on attempts to become self-sufficient in tobacco.

Nigeria last year was the second most important African outlet for U.S. tobacco. Besides buying large quantities of U.S. cigarette leaf, this country—along with the Gold Coast and French West Africa—provides the market for nearly all of the Blackfat tobacco that the United States exports. This specialty tobacco is a semi-processed product, made from dark U.S. leaf—largely One Sucker with lesser quantities of fire-cured and Green River. Popular among the native populations of the coastal areas of West Africa, it has been important in the export trade with Africa for over 100 years. Blackfat is prepared only in the United States by a few companies using secret formulas. It will probably continue to move into the area; but its

AFRICA—THE MARKET:
U. S. Tobacco Exports to Africa



Above, a commercial leaf-grading shed in Southern Rhodesia. *Right,* a cigarette plant in Cairo, Egypt.

Photos by Robert A. Owen

long-term export prospects, like those for other dark tobaccos in leaf form, are clouded by the African consumer's growing preference for light cigarettes. Too, the rigidly controlled import policy of these countries tends to encourage imports of leaf from areas outside the United States.

U.S. tobacco markets in Northern Africa — Morocco, Algeria, and Tunisia—have declined considerably in importance since 1935-39. Here, too, import policy limits the quantities that can be imported from the United States. In addition, domestic production is increasing. These factors rule out the possibility of any significant gain in these markets.

On the other hand, the U.S. tobacco export trade with the Union of South Africa—a country short of tobacco—has distinct possibilities for sharp, if temporary, improvement. Only the United States can supply adequate quantities of certain leaf types used in the smoking tobacco manufactured in the Union at this time. Up to 3 million pounds of dark air-cured leaf will probably move into that country from the United States in the current marketing year. It is doubtful, however, that this trade can be maintained, in view of the Union's close economic ties with neighboring tobacco-producing countries.

Africa the Competitor

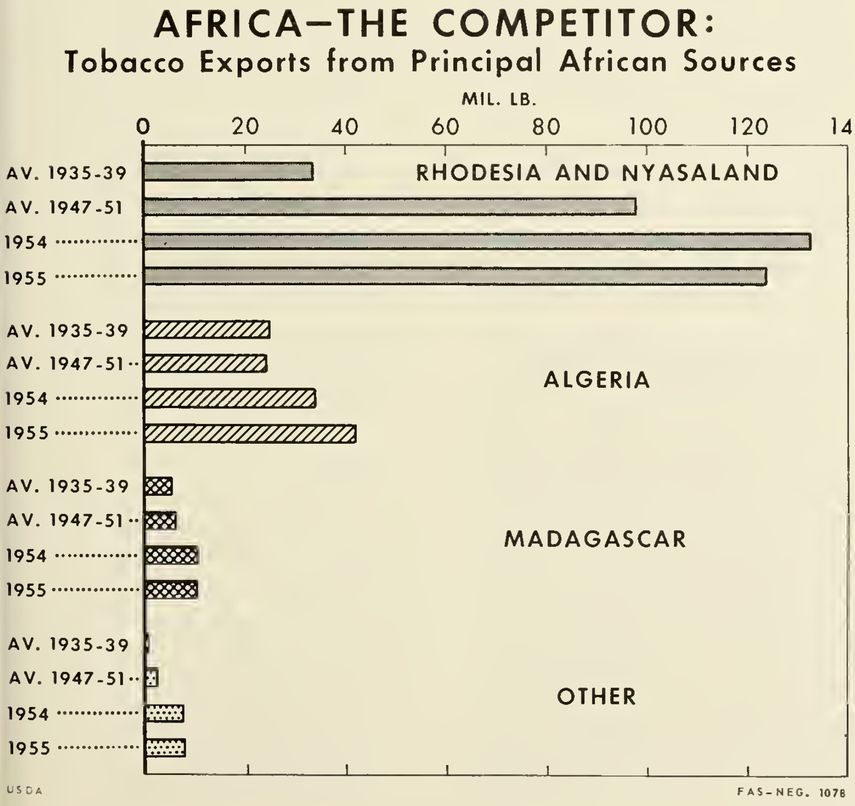
Africa has become an important competitor of the United States in world tobacco markets, particularly since the end of World War II. In 1955, 3 times as much African leaf moved into world markets as in 1935-39—184 million pounds against 64 million. Exports from Africa have even displaced substantial quantities of U.S. leaf in world markets, particularly in Western Europe. International trading conditions have encouraged expanded production and exports of tobacco by countries on the African continent. Here are some of the factors that have favored the sharp increase in exports:

- Limited availability of dollars for tobacco purchases by Western European countries;
- trading arrangements of various sorts, virtually guaranteeing a market in importing countries for specified minimum quantities of African tobacco;
- closer economic ties, including tariff preferences, among the various members of the sterling area and French monetary zone;
- increases in tobacco trade among African countries themselves;
- high price levels for U.S. tobacco, which have tended to discourage purchasers here, while at the same time encouraging tobacco production within the African countries.

These factors, combined, have tended to divert a substantial portion of world import trade in tobacco away from the United States towards Africa's producing countries.

The biggest competitor of the United States in world tobacco trade is the Federation of Rhodesia and Nyasaland. This vast country,

(Continued on page 20)



With oil revenues to plow back into the soil

Iraq Looks to the Future

By PAUL M. OVERHOLTZER, Jr.
Africa and Middle East Analysis Branch
Foreign Agricultural Service

At the turn of the century, Iraq—then known as Mesopotamia—was a remote and neglected part of the Ottoman Empire. The ancient irrigation works which had supported flourishing civilizations in bygone days lay in ruins. The Tigris and Euphrates Rivers passed through the land, but no serious efforts were made to irrigate the potentially fertile soil.

As evidence of this fertility, written records show that the land of Iraq has been tilled and crops grown for more than 5,000 years. The peak of its productivity was in late Babylonian times when upwards of 30 million people were sustained at a high level of consumption. Then as one invasion followed another, agriculture in the Tigris-Euphrates Valley fell off and, after the Mongol invasion of the 13th Century, which systematically destroyed the ancient irrigation system, the agricultural history of Iraq until the close of the 19th Century was one of continuing decline.

At the close of World War I, when the Allied powers created the future Kingdom of Iraq out of three Turkish provinces and parts of Arabia, they knew it only as a land of seminomadic tribes, barren deserts, and date palms. Under the surface of this ancient land lay vast, unexploited resources of oil that in the last 20 years have made Iraq one of the richest countries in the Middle East and have enabled it to look ahead with confidence in its own future.

Oil in Iraq is national property, and, by plowing back most of its oil revenue into the country's development, Iraq hopes to remove the barriers that have stood in the way of its progress. Some of these barriers are agricultural. Consequently many of the projects planned for the next 5 years affect agriculture—some directly, others indirectly.

These projects, agricultural and otherwise, are controlled by Iraq's Development Board, an autonomous agency of the government. Under the terms of a law passed in 1950, 70 percent of the government's oil revenues are assigned to the Development Board. For the first period, from 1951 to 1956, the development budget amounted to $435 million. But technical and administrative difficulties impeded progress of the various projects. Moreover, had the Board wished to spend its entire budget, such an expenditure would have created inflation and economic chaos. To fix a rate of progress which will bring the greatest benefits and the fewest difficulties to the nation as a whole is the task that the Development Board faces.

Current Development Budget

In April 1955, a second development budget appeared with a total of $850 million allocated over the period 1955-59. This plan, like the former one, was basically a long-term capital investment scheme. But many persons in Iraq felt that greater benefits should go to the public as soon as possible; consequently in the present budget of the Development Board, adopted in June 1956 and allocating $1.4 billion over the 6-year period 1955-60, the balance of the projects has been altered somewhat to place greater emphasis on short-range programs which will quickly yield results. Otherwise, the current development plan is an extension of the previous one, with allocations by major categories as follows: Flood control, irrigation, and drainage, 31 percent of the total; roads, bridges, and railways, 25 percent; buildings, 20 percent; industry and electricity, 13 percent; housing, 5 percent; agricultural resources, 3 percent; administration and miscellaneous, 3 percent.

The agricultural development allotment of 3 percent, or $42 million, appears rather small in comparison to the 31 percent for flood control, irrigation, and drainage. Yet the reasons for the continued emphasis on these major water programs are quite obvious. Iraq is subject both to droughts and to annual floods of the Tigris and Euphrates Rivers. In addition, the rivers tend to wander across the plains, periodically shifting their course, so that the southern parts of the river valleys are crisscrossed with old river beds and filled with swampy lakes. These areas, lying lower than the river bed itself, are flooded when the river breaks through its banks, creating serious problems.

Prior to World War I, little had been done to solve these problems. Afterwards the pace of agricultural development quickened. Canals were dug and minor irrigation works established, so that the amount of irrigated land available for cultivation increased sharply. But without its oil resources Iraq would never have advanced beyond

Photos from World Bank

In April, Iraq's King Feisal watched the first water pass through the Samarra Works on the Tigris River. This project and others are helping control the spring floods that for centuries have brought destruction like that at right. Iraq's wandering rivers are now bringing life instead. They are irrigating the farmlands that once supported the fabulous empire of Babylon.

this stage to the major projects that were required.

Irrigation and Flood Control

With foresight the Development Board embarked upon large-scale irrigation and flood control measures as the key to Iraq's future progress. Each spring, floods from the headwaters of the Tigris and the Euphrates spill over onto the low-lying plains of central and southern Iraq. In 1954, for example, an area of 1.4 million acres was inundated, some 50,000 head of livestock were destroyed, and about 150,000 persons were driven from their homes. Baghdad, the capital city, narrowly escaped destruction. When the floods came in 1956, two recently constructed dams—the Samarra Works on the Tigris and the Ramadi Barrage on the Euphrates—prevented serious damage.

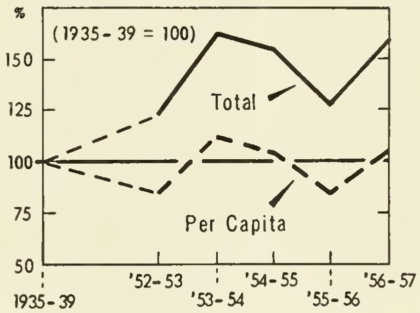
The Samarra Works dams the Tigris above Baghdad, with a canal carrying the flood waters into the Wadi Tharthar depression about 30 miles west of the river. While this project is primarily for flood control, surveys are under way to determine the possibility of utilizing the depression as a water storage reservoir for irrigation.

The Habbaniyah project on the Euphrates, another flood control measure, also offers possibilities for increasing irrigation. Started in 1913 and finally completed in 1941, it proved inadequate during periods of high flood, so after World War II its capacity was increased. The project now consists of the Ramadi Barrage and a series of canals and regulators. One of the canals, the Warrar, is the largest ever dug in Iraq. With a capacity to handle about half the Euphrates in flood season, it carries the river waters to Lake Habbaniyah, and from there they are discharged into the Abu Dibis depression.

Still another important project is the Kut Barrage on the Tigris below Baghdad. This dam, completed about 1941, raises the river level and regulates its flow, thus permitting the irrigation and cultivation of about 700,000 acres which formerly provided only scanty pastures.

These projects and others that have been completed have resulted in a substantial increase in irrigated areas. Through projects now being constructed or still in the planning stage, an additional 5 million acres will come under irrigation, and the present 8-million-acre irrigated area will receive a greater supply of water. Ultimately,

IRAQ: AGRICULTURAL PRODUCTION



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W. A. Minor

Iraq is stepping up rural education, for age-old farm methods are a barrier to agricultural development.

there may be an irrigated crop area of 15 million to 20 million acres.

Drainage—a Crucial Need

Irrigation, while essential to Iraq's agriculture, is by no means the only answer to a higher level of production. For the country's farmers, drainage is another crucial need. Centuries of irrigating with the waters of the Tigris and Euphrates, which become saline in the summer months, have created a high salt content in the soil. To wash the salt away, more and more water is applied, which in turn causes drainage problems. Eventually the yields decline and the land is abandoned. If this is to be corrected, drainage is essential.

Only recently has the Development Board recognized the extent of the drainage required. But this year, as the demand grew for short-term measures to raise production levels, the Development Board allocated $78,400,000 in the current budget to begin a comprehensive drainage program. With the cost of the drainage on a country-wide basis estimated at about $55 an acre, this appropriation should finance the reclamation of 1.4 million acres.

Proper drainage, combined with irrigation, would not only increase production but could also result in new methods of farming. Instead of allowing land to lie idle every other year according to the fallow system, crops could be grown every year. A further increase would result if crop rotations were established and greater use made of fertilizers.

An examination of crop production data shows how essential these measures are if Iraq's agricultural production is going to keep ahead of its population growth and permit the expansion of exports. Though agricultural production in recent years is higher than it was during the prewar period 1935-39, increased population leaves per capita production indices close to the prewar level. Despite the extensive plans and relatively large expenditures to extend farm production, both total and per capita production declined in 1954 and 1955, and came back this year only because of adequate rainfall and favorable growing conditions.

Without a higher level of production, Iraq will have considerable difficulty in maintaining an adequate supply of farm labor, which is becoming less plentiful each year as farmers leave the land for the cities and the oil centers. The basic cause of this movement is the low production per unit of land and labor. The land tenure system with its low wages is another cause—and this the Iraqi Government has recognized. Under the Land Development Law of 1951, government lands which were formerly uncultivated are being irrigated and drained. By the end of 1955, 15,263 farmers had been settled on nearly 700,000 acres. But a great deal remains to be done before the general pattern of land tenure changes in favor of small farm ownership, particularly since the program has met with some opposition from large landowners who stand to lose part of their labor supply.

Education Also Needed

Much will be accomplished by these vital programs of irrigation, drainage, and land resettlement. Iraq, however, is still employing practices that came down from the Babylonians, and consequently has more land than it can use efficiently. New techniques and mechanization are needed, but the handicap to these is widespread illiteracy and lack of modern skills. A beginning is being made with schools, extension programs, and the training of agricultural scientists. Today nearly 200,000 boys are receiving elementary and secondary school education in Iraq, and 1,000 students are now studying in the United States. Both an agricultural and a veterinary college have been established, and extension work is under way. There is an agricultural bank as well as cooperative agricultural societies. And currently a credit system for farmers is being studied.

Iraq's Crops

Traditionally, Iraq is the world's greatest date-growing country, supplying three-quarters of the world's imports. At the moment, no expansion of the date industry is planned. Barley and wheat are next in importance as export crops. Barley has shown a consistent upward trend in the last few years and now competes with U.S. feed grains in the Western European market, although its quality is still inferior to international standards. Wheat exports have expanded also, showing an average increase of 260 percent for the years 1951-55 compared with the period 1946-50.

While Iraq exports some cotton, its sales on the world market have dropped in the last few years. But with proper practices Iraq has potentialities as a cotton-growing country. Other important crops that could be expanded include sesame, peanuts, jute, licorice root, and pyrethrum.

The agricultural development of Iraq is entering a new phase. How soon this will be felt in world markets depends on how fast the country can bridge the transition period. Progress will probably be slow for the next few years, but as the cumulative effects of the development program remove the barriers to progress, Iraq will undoubtedly emerge as one of the important agricultural countries of the Middle East.

Burma Exhausts Its Rice Surplus

Burma's exportable rice has been sold; further sales cannot be made until new-crop rice becomes available. Burma expects milled rice exports for 1956 to reach 1.9 million long tons. Preliminary estimates for the first half of the year show over 900,000 tons shipped. There is every indication that this year's planted acreage is at least as large as last year's, and weather conditions have been generally favorable.

Republic of Ireland—Competitor or Market?

By Mary Ellen Long
Foreign Agricultural Analysis Division
Foreign Agricultural Service

The famous Irish potato still ranks high among the country's exports. It is sold for both seed and feed.

Agriculture is the mainstay of the Irish Republic's economy. It not only supplies food and raw materials, but ranks as the primary earner of foreign exchange. Before the war, Ireland's farm exports accounted for nearly 90 percent of its export trade; they still represent about three-fourths of the total. Today, many Irish economists and government leaders are reported to feel that much of the postwar capital expenditure on industry has not proved practical—that more capital spent on agriculture would pay off better in the long run. And plans are under way for more intensive development of Ireland's agricultural resources.

What does this mean to U.S. agriculture? Will Ireland become a stronger competitor for world markets or a better market itself for U.S. farm products? Perhaps both. Yet increased competition from Irish farm products will probably affect certain Commonwealth countries more than it will the United States; for Ireland's primary export market is the United Kingdom, which gives trade preference to all the Commonwealth. The United States may even find that greater prosperity for Irish agriculture means greater Irish demand for some U.S. farm products—especially tobacco, corn, and raisins—that are already well liked in Ireland.

Developments in the important United Kingdom market have helped stimulate this new agricultural philosophy in Ireland. In recent years the United Kingdom not only has increased its own farm production and decontrolled the marketing of its farm products; it has also begun to buy more selectively from Commonwealth sources. Now the Irish are realizing that they must improve their agricultural and marketing methods in order to meet competition in foreign markets. A closer look at Ireland's present-day farm economy shows the nature of their problem.

Ireland's mild climate and generally well-distributed rainfall are especially suited to livestock. Permanent hay and pastures occupy half the crop area. But many pastures are poor from too little use of fertilizers. And farmers are security-minded, hesitating to lay out capital on necessary improvements; for farm ownership is mostly of recent origin, and the transition from tenant to owner ha been difficult. Too, the small size of many farms hinders the widespread introduction of machinery and of certain modern farming techniques used with it.

The large pasture area reflects the fact that the mainstay of the farm economy is livestock. Live animals and livestock products have accounted since 1951 for 75 percent of the value of all farm exports and for 60 percent of the total export trade value.

Cattle are primarily dual-purpose Shorthorns. The cows are milked in the southern dairy coun-

Irish farmers binding wheat. Output is below requirements, partly from shortages of labor and equipment.

Dairy cattle on a farm in County Cork. The Irish Republic (Eire) hopes to increase its vital exports of livestock and dairy products.

ties; their calves are sold to cattle feeders in the Midlands for grass feeding, and then either marketed domestically or exported. Cattle go mostly to the United Kingdom, either as fat stock or as "store" cattle to be further fattened there. Many beef cattle are also exported as carcasses and canned meats. And the livestock industry supplies other important exports such as wool, bacon, butter, cheese, condensed and dried milk, eggs, and hides and skins.

With natural conditions favoring grass, production of grain and other food crops falls short of domestic consumption needs, though agricultural imports are much smaller by value than agricultural exports. Total farm output must be expanded and exports increased if Ireland is to import the capital equipment and raw materials needed for general economic development and improvement of living standards.

Many consider that in relation to its capacity for farm output, Ireland is an underdeveloped country. Its grass production could be increased many times with proper management, increased fertilization, and improved use of land. Numbers of cattle could be increased, and quality substantially improved, with changed programs of livestock breeding and with emphasis on separate cattle types for beef and dairying. Thus the volume and financial return from beef cattle, meat, and dairy products could be increased far above present levels. In fact, all Ireland's agricultural resources could be better utilized with a closer integration of crop and livestock production.

Thus far, efforts to develop agriculture have been limited. In 1954 the Irish Government began plans to use $13 million of special sterling account funds for agricultural improvements. These plans include establishing a central agricultural institute, eradicating bovine tuberculosis, subsidizing the transport of ground limestone to improve fertilization, buying pasteurization equipment for small rural creameries, and maintaining farm organizations.

However, any effective solution of Ireland's agricultural problems will depend on several factors. One is the availability of farm credit. Another is the size and growth of extension services at the farm level. A third is the effective distribution of income, for on this depends the demand for both domestic and imported farm products. A fourth is the degree to which Ireland can intensify its agriculture and cut its farm production costs.

Ireland's present foreign trade policies are set up to accomplish several objectives: (1) To foster local industries; (2) to protect domestic agriculture; (3) to promote exports of agricultural products and consumer goods, especially to dollar areas; and (4) to conserve dollar resources.

Most agricultural imports and exports are controlled by tariffs, quotas, import licenses, and other means. The tariff, patterned after that of the United Kingdom and other Commonwealth countries, gives special preferential treatment to some agricultural imports from specified Commonwealth countries. The United Kingdom accounts for about 90 percent of Ireland's foreign commerce.

Significant shifts have occurred in Ireland's agricultural trade since prewar days. Traditional Irish exports include cattle and sheep, meat, dairy products, eggs, and seed potatoes. In 1955, the Irish exported 30 percent fewer fat cattle and sheep than before the war, but shipped out 23 percent more for fattening elsewhere. Exports of both fat and store animals, however, were at or near postwar record levels in both 1954 and 1955. Shipments of most meats—particularly beef—and also of eggs declined sharply in 1955 as compared with 1954. Shipments of dairy products declined too, as did those of chocolate crumb (a mixture of sugar, cocoa, and dried milk much used for candy manufacturing in the United Kingdom during wartime and post-war sugar shortages). Seed potatoes were exported in 1955 in three times the prewar volume.

On an average, about one-fourth of Ireland's total imports by value consists of food and unprocessed agricultural items such as grains, cocoa, sugar, tobacco, oilseeds, and fibers. U.S. exports of farm products to Ireland totaled $27 million in 1955, as against $20 million in 1954. Shipments in 1955 represented about 20 percent of the total value of Irish agricultural imports. In the same year, the United States imported Irish farm products valued at about $3.3 million, consisting mainly of horses, raw wool, and frozen beef.

As a rule, Ireland's largest single import from the United States is tobacco. Buying more than $10 million worth a year since 1952, Ireland is the fifth largest U.S. tobacco market in Europe. The United States is the traditional source also for Irish imports of corn, grain sorghums, and oilseed cake and meal. And since the late 1940's it has also become the major source for Ireland's small imports of raw cotton and cotton linters and of inedible tallow. Ireland gets

(Continued on page 21)

Early freezes, bad harvesting weather, and—

Europe's Crop Production Is Down[*]

Europe will need increased imports of food this season as the result of a harvest reduced by severe freezes early in 1956 and bad weather at harvesting time.

The 1955-56 growing season started well. Except in the Danube Basin, where a late 1955 harvest delayed seeding operations, fall planting took place under favorable conditions. In most countries, the area sown by Jan. 1, 1956, equaled or exceeded the area sown a year earlier.

In February and early March, however, the entire continent experienced exceptionally cold weather. Most regions had enough snow cover to protect field crops from extensive damage, but in France, the Low Countries, and Switzerland, large parts of the fall-sown crops were killed, and in Sweden the winter rapeseed crop was almost wiped out. Citrus trees in Spain suffered severe injury; almond crops in Spain, France, and the Italian peninsula were hard hit; olive trees in some parts of the Mediterranean region were hurt; and vineyards in France, Switzerland, Austria, and West Germany sustained frost damage. Many countries had heavy truck crop losses. Considerable damage occurred also to meadows and pastures in Denmark, the Low Countries, France, and West Germany.

During the spring the crop outlook brightened. Most of the area lost through winter kill was replanted, partly to wheat but mainly to feed grains and other crops. Though the weather was generally more erratic than usual, and crops developed slowly, conditions as of June in most countries gave promise of a good harvest.

This promise faded during the summer. From Switzerland north through Scandinavia, and from Ireland east through Poland, the months of July and August, and the early part of September, brought cool weather and excessive rainfall. Pastures flourished, and roots and tubers grew well. But grain crops could not be gathered on time. Lodging in many areas as well as excessive moisture complicated harvesting operations. Some of the grain germinated in the field, and quality deterioration because of high moisture content was widespread. Haymaking was also protracted and difficult, and the yield generally disappointing. As of Oct. 1, there was still question in many countries whether the harvesting of all crops could be completed before winter set in.

In these circumstances, preliminary crop estimates for the different countries are unusually difficult to make and may overstate the damage, as happened after the wet summer of 1954. Nevertheless, the outlook in early October in the various regions of Europe gives a good indication of the general level of crop production.

Northwest Europe

It seems probable that crop output will show a sharper decline in France and Switzerland than in other European countries. In **France**, wheat production is expected to be down from last year's by a third or more, mainly because of the February freezes; high moisture content and sprouting have made a substantial proportion of the crop unsuitable for milling. Production of wine, rapeseed, fruit, and hay is also down, but crops of feed grains, roots and tubers, and flaxseed are up. In **Switzerland**, the percentage decrease in bread-grain production is believed to be even greater than in France, but crops of feed grains and probably potatoes are up. Fruit prospects are not good, mainly because of winter frosts.

Europe's share in U.S. agricultural exports, 1955[1]

Commodities	Value (Million dollars)	Percent of total
Grains & preparations	508	54
Fats, oils, oilseeds[2]	278	53
Tobacco, unmanufactured	248	69
Cotton & linters	239	50
Fruits, nuts, & vegetables	81	28
Meat & dairy products	38	21
Total	1,392	50
All agricultural products	[3]1,592	50

[1] Excluding the Soviet satellites. [2] Excluding butter.
[3] Including $97 million of food for relief and charity.

U.S. share in Europe's agricultural imports, 1955[1]

Commodities	Value (Million dollars)	Percent of total
Grains & preparations	555	30
Cotton & linters	[2]375	29
Fats, oils, oilseeds[3]	280	20
Tobacco, unmanufactured	240	46
Fruits & nuts	70	6
Livestock products for food[4]	45	2
Total	1,560	19
All agricultural products	1,760	12

[1] Excluding Switzerland and the Soviet satellites.
[2] The spread between European imports and U.S. exports is unusually wide in 1955 mainly because U.S. exports in December were only one-sixth as large as exports in December 1954, which passed through European customs the following month and so swelled 1955 imports. Exports in November 1954 were also much heavier than in November 1955.
[3] Excluding butter. [4] Including live animals for food.

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[*] Prepared in the European Analysis Branch on the basis of information available as of October 5.

In the Low Countries, as in France and Switzerland, farmers recovered much of the ground lost in the winter cold waves, but the rainy summer brought more trouble. According to official estimates in late September, total crop production in the NETHERLANDS may be 10 percent below the 1955 level. Both breadgrain and feed-grain crops are down in quantity and quality, and crops of hay, potatoes, and peas are poor. In BELGIUM, the breadgrain crop is considerably smaller than last year, the feed-grain crop slightly larger, and both crops below normal in quality. The outlook for root crops is good in both countries.

The British Isles came through the winter fairly well, but in the UNITED KINGDOM the persistently bad summer weather reduced crop prospects from well above average to average or below. Not until the second week in September did the weather clear to permit a speed-up of harvesting. By the middle of the third week, some 60 percent of the grain had been gathered, and by the middle of the fourth, more than 80 percent. Estimates as of Sept. 26 indicated a wheat crop about as large as last year's, but considerably smaller crops of feed grains. The pea crop is also down, and the hay crop poor. However, increases in production are still anticipated for potatoes and roots.

Harvesting was also delayed in IRELAND, which expects a drop in wheat and oats production, but good crops of barley, potatoes, and sugar beets.

Scandinavia

DENMARK had less rain damage than other Scandinavian countries. Oct. 1 estimates put total Danish crop production at 4.5 percent above 1955. Though pastures were unusually poor until September, and the hay crop disappointing, other crops developed well. Grain harvesting was proceeding rapidly in early September under good weather conditions, and early threshings indicated good quality.

Crops in SWEDEN also developed well during the summer. Heavy rains in August damaged the quality of the grain, but a large crop could be harvested in September. The crops of potatoes, sugar beets and hay are also up. NORWAY harvested a very large hay crop, and in late September there was still prospect of good grain and potato crops if the weather cleared. At that time, FINLAND was also struggling with a wet harvest. A promising crop of feed grains was damaged by early September frosts.

Central and East Europe

Crop output in WEST GERMANY is likely to exceed the 1955 level. Preliminary official estimates show some increase for both breadgrains and feed grains, but delays in harvesting due to rains (only about three-fifths of all grain had been brought in by Sept. 5) caused high moisture content and some sprouting. Oilseed production is up, and increases are also expected for potatoes and fruit. Sugar-beet output should be at least as large as in 1955. Hay crops, probably up to last year's in quantity, are poorer in quality, and the delays in grain harvesting prevented the planting of intermediate fodder crops in some areas. In AUSTRIA, prospects are for a small reduction in total crop output. Grain production is up slightly, the moisture content is low, and the quality good. But potato and sugar-beet production is likely to be down. Fruit crops were reduced by extensive damage to trees and vineyards from winter kill.

CZECHOSLOVAKIA, POLAND, and EAST GERMANY are also expected to have a smaller crop output this year than last. Rain delayed the grain harvests. Their volume, especially in East Germany, seems to be below the 1955 level, and the quality poor. On the other hand, the East German potato and sugar-beet crops promise to be close to the postwar average. Poland should have a better potato harvest than last year's small one, and another good sugar-beet crop. Forecasts for Czechoslovakia indicate a slight increase for both crops.

Danube Basin

In sharp contrast to northern Europe, most parts of the Danube Basin had dry weather during August and early September. In YUGOSLAVIA, where conditions for seeding last fall were particularly unfavorable, wheat production is reportedly down by about one-fifth from the 1955 level. The corn crop may be as large as last year's, and a good hay crop was gathered. Fruit production will be small as a result of freeze damage to trees. Oilseed and olive oil output will be well below normal.

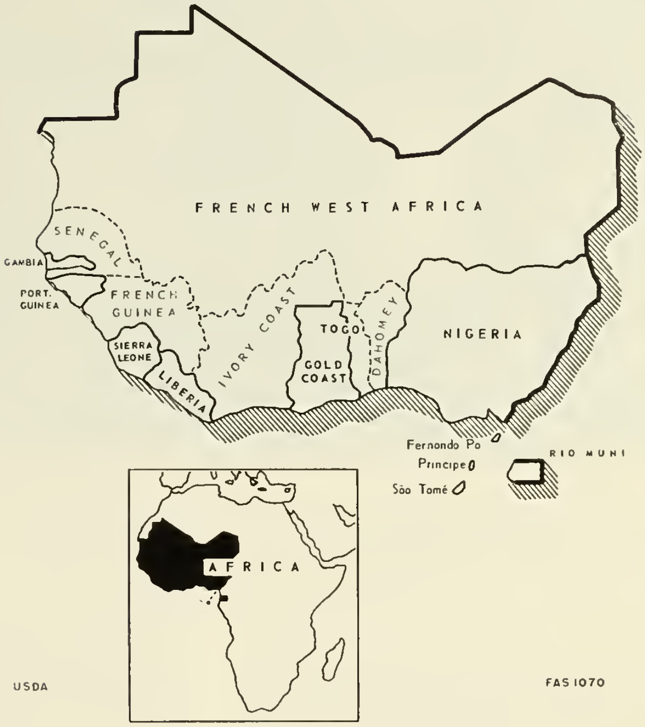
In HUNGARY and RUMANIA, production of corn rather than wheat appears to be down. The dry weather probably harmed the crops not only of corn but also of sunflowers, potatoes, and sugar beets. Hay and pastures seem to have been better than normal in Hungary. The fruit crop is also reported as better than average, though apricot trees were badly damaged last winter. No tree damage has been reported for Rumania, but peaches and apricots are said to have been hurt by late spring frosts. Little information is available about crop production in Bulgaria.

Mediterranean Region

Summer weather in the Mediterranean region took a fairly normal course. In ITALY, however, conditions for wheat during 1956 were not so favorable as in 1955, when output reached a new high. The crops of rice and sugar beets are down, largely as a result of efforts to cope with surpluses. Almond production was reduced to very low levels by the severe weather of February and March. On the other hand, production of olive oil may equal last year's; though the freezes damaged trees in some areas, Dacus fly infestation in 1956

(Continued on page 23)

AREA COVERED BY U. S. AGRICULTURAL
ATTACHE IN WEST AFRICA



West Africa today is utilizing only about one-tenth of its agricultural potential, but a new era lies ahead. To keep the United States posted on this little-known area of the world, the U.S. Department of Agriculture recently established an agricultural attaché post there, with headquarters in Liberia. In the following article, Ford Milam tells what it's like to cover an area almost as large as the United States, where roads are few and telephones rarely work.

I Cover WEST AFRICA

By FORD M. MILAM,
U.S. Agricultural Attaché

As the first agricultural attaché at the newly established West African post, my bailiwick includes some 14 countries with a variety of languages—Spanish, Portuguese, French, 30 tribal tongues, and British, which I understand is similar to American English.

The area is about nine-tenths the size of the United States, with a population a third that of the United States.

Rainfall varies from 8 inches on the edge of the Sahara to more than 365 inches in the Southern Cameroons, while the terrain ranges from the sunbaked desert around the mud city of Kano, Nigeria, to the lush tropical forest of the Cameroons.

The governments differ too. Liberia, where my headquarters are, is a republic. Then there are the colonies of Spain, France, Portugal, and Britain, and the trusteeships of French Togoland and the British Cameroons.

In this vast area the principal export crops are peanuts, cotton, bananas, palm oil, palm kernels, timber, cocoa, rubber, coffee, and tobacco. In fact, West Africa produces over half of the world's supply of cocoa, more than 1 million tons of shelled peanuts, 200,000 bales of cotton, 700,000 tons of palm kernels, and 400,000 tons of palm oil.

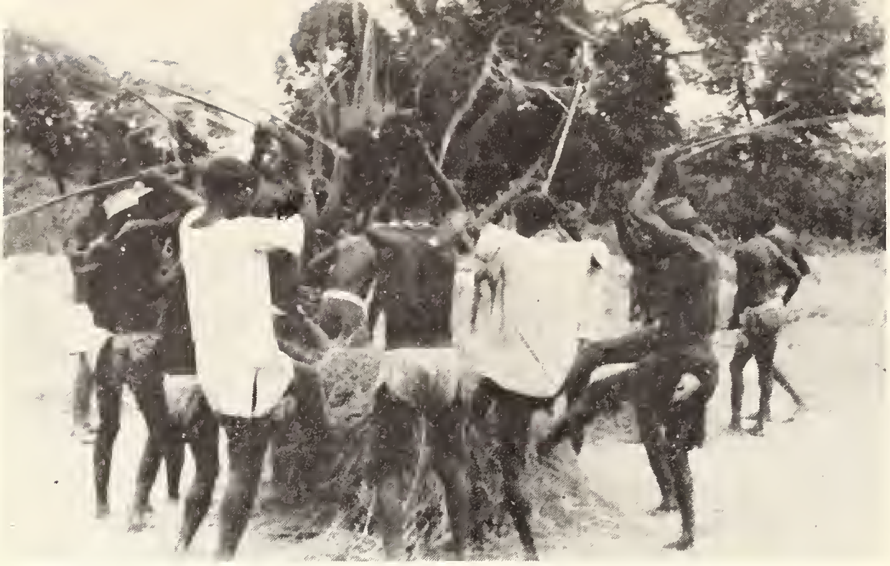
Marketing is done by wholesale operators, who buy by the thousands of tons, and small retailers, who sometimes sell two matches at a time. In international trade the area exports about $1,066,000,000 worth of raw materials annually, of which 86 percent are agricultural. Its imports of manufactured or processed farm products run about $301 million a year.

The United States shares in both exports and imports. In the British and French areas, imports from the United States amount to 5.4 percent of total imports, while exports to the United States come to more than 15 percent. Our imports from West Africa are mostly rubber, cocoa, minerals, hides, skins, and some coffee. Our exports to the area include unmanufactured tobacco, wheat flour, some construction equipment, and private vehicles.

To keep track of all this is my job as agricultural attaché—and the job poses certain difficulties. In line of duty one encounters such hazards as yellow fever, malaria, amoebic dysentery, crocodiles, poisonous snakes, and inadequate laundry facilities. I customarily carry with me five different currencies; and, in 10 months on the job, I spent 6 in the field, covering 22,000 miles by air, auto, launch, ship, cart, and horseback. All work must be accomplished through personal relationships, and my postage for "thank you" notes after my last trip amounted to more than $20.

What makes the task difficult is the inadequacy of crop reports. Most of the governments maintain fair records of imports and exports, but these give only part of the picture since large quantities of some export crops are consumed locally. As there are no crop reporting systems, it is next to impossible to obtain reliable statistical information on these. But some estimate of local consumption can be obtained from dietary and local household budgetary studies.

As one can imagine, the work involves a lot of traveling around. In Nigeria, for example, each region has either a development board or a corporation through



What looks like an African war dance is Balanta tribesmen threshing rice.

Transportation is Mr. Milam's biggest problem. Often it's extremely primitive, like this ferry in which he crossed the Cachcu River in Portuguese Guinea last year.

which major agricultural projects are being carried out. Few of the details are ever published, and the only way I can arrive at some idea of the whole picture is to contact the numerous officials personally.

Travel, however, is a complicated business in West Africa. In a visit to a 6,000-acre banana plantation and a cigar wrapper tobacco farm, I had expected to travel on passable roads, but I ended by driving 20 miles in a jeep through dense brush. Railroads are few and touch only important places.

Communications are not much better. Telephones are scarce and, when available, rarely work. In one country, at a remote post office, I picked up a telegram giving notice of my arrival and carried it to the research station that should have received it days earlier. In some areas human runners are used to carry telegrams and important information into the bush. It took 22 days for a letter to go a distance of 100 miles, and a registered letter from one of the agricultural directors in the region, mailed in April, has yet to reach my office. But religious missions are helpful, for they maintain small planes and a local radio network.

Itineraries must be planned months in advance, and once decided upon must be followed exactly, for the bed you have reserved today will be used by another tomorrow. Except in the larger coastal cities, there are few hotels and one must rely upon rest house facilities which are always in demand. Large and dangerous rivers are crossed by primitive ferries—sometimes a rickety platform balanced on two log canoes—and can take from 2 hours to 2 weeks depending on traffic and weather. Air flights may be canceled at the last moment, so that considerable foresight is required to arrive at the proper place anywhere near the proper time—and even so, I often have to change my plans. A trip to Villa Cisneros, in Spanish Sahara, had to be postponed last spring, since at that time of the year the only way I could reach this coastal city was by flying to Casablanca and backtracking to my destination.

In spite of these uncertainties and hazards, my travels have enabled me to observe the agriculture in this West African region. Two things strike one immediately. The first is the absence of livestock in a large part of the area, since the coastal and forest lands lie within the tsetse fly belt. This means that without animals all the labor is manual. The second outstanding characteristic is the area's great potential for agriculture. At present, I would say that only about one-tenth of its capabilities are being utilized. But everywhere I went I found an eagerness to learn and to improve farming methods.

Land titles, to a certain extent, handicap land development, and are almost universally clouded. In several countries white people may not buy land, that right being reserved for the Africans. Since tribal chieftains often control the land, it is not unusual to find a farmer working a plot on which he may use "all that can be seen looking across, but nothing looking up." In other words, the trees and their produce are the chief's.

There is no soil conservation to speak of, nor are commercial fertilizers used. Most holdings are small peasant plots, though there are some large tracts such as the Firestone Rubber Plantation in Liberia, the French banana plantations in French Guinea, and the Spanish cocoa fincas in Fernando Po. Nevertheless, I have been impressed by authorities' efforts to improve the lot of native Africans and to raise the agricultural standards of their countries.

To watch this, to see these West African countries pulling themselves up by their own bootstraps, makes this post a rewarding one. My job has been made easier by the splendid cooperation offered me by all concerned; and the people I meet, from government officials to tribal chieftains, are part of its attraction. So while I am sure there are many places in the world whose agricultural economy has a greater impact on international trade, to me West Africa is a challenge—for who knows what share of the world's agriculture it will claim in the years to come!

How Agriculture Fares in Communist China

Chinese tenant farmer and family work field in Szechwan in 1949. Today they use the same primitive methods but probably belong to a cooperative farm.

A team of agricultural experts from India recently spent 3 weeks, at the invitation of the Communist Chinese Government, studying agriculture in Red China. Eventually a report will be prepared incorporating the views of the various team members, but in the interim a report by P. N. Thapar, Secretary, Ministry of Food and Agriculture, has been submitted to the Government of India. A summary of that report follows.

Red China is making a colossal effort to develop both agriculture and the general economy. Progress in agriculture is good but yields per acre are still below prewar levels. To further this progress and expand yields, the Chinese Communist government is moving in three broad areas: (1) increasing investments in agricultural development; (2) guaranteeing markets; and (3) improving agricultural organization.

Agricultural Investments. China is spending large amounts of money for capital construction in agriculture. Water conservation, irrigation, land reclamation, forestry, and relief funds for rural areas are getting special emphasis. Measures are also being taken to make credit available to farmers. Furthermore, it is expected that government investments will be supplied by additional funds drawn into agriculture through investments by cooperative farming societies, individual peasants, and agricultural credit societies.

As a result of these increased expenditures, credit and farming supplies are now more readily available to farmers. There is an extensive program for supplying such materials as chemical fertilizers and farming implements. Most of the chemical fertilizers must be imported—especially from the USSR. While the supply of improved plows has been increased, tractors and other farm machinery are scarce and their use is not encouraged.

Large amounts are being spent on irrigation projects. Between 1949 and 1955, some 15 million acres of additional land were brought under cultivation, 80 percent of which is covered by minor irrigation projects. Recently the irrigation program was stepped up further, with plans to bring several million more acres under irrigation in 1956.

Guaranteed Prices and Markets. In China both prices and markets for agricultural products are guaranteed by the state. The government purchases all the surplus at predetermined prices. These prices as well as ratios of competing crops are revised from year to year according to changes in the economic conditions of different areas and the relative emphasis put on the production of alternative crops in the Five Year Plan. Also, care is taken that prices are set so as to provide the necessary incentive for the attainment of the plan targets. These pricing and marketing provisions by the state have given substantial and steady impetus to agriculture in China.

Agricultural Organization. By using compulsion, Communist China has developed a strong agricultural program. The whole nation has been put to work, for an unemployed man is considered a waste of national assets. There is a large staff of trained personnel working to develop the country's agriculture, and many more people are being trained. The Communist method of teaching and demonstrating improved techniques is preparing the way for future progress.

Growth of Cooperatives.* The keystone of Chinese agriculture is the cooperative movement. Farmers are organized into three types of cooperatives, namely, agricultural credit cooperatives, supply and marketing cooperatives, and cooperative farms. The number of agricultural credit cooperatives has increased from 103 in 1950 to 159,000 in 1955. Supply and marketing cooperatives stood at 30,576 in 1955, as compared with 39,436 in 1950, many of the smaller ones having been merged into larger units. But the big increase has come in cooperative farms, which have increased from 19 in 1950 to 634,000 in 1955 and which will probably exceed a million by the end of 1956.

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* A distinction must be made between farmer cooperatives in the United States and other Western countries, which are a form of free enterprise, organized on a voluntary basis for the common benefit of

The Communist Chinese government first concentrated on organizing supply and marketing cooperatives, then followed these with agricultural credit groups. This put farmers in a position where they could get loans only from the credit cooperatives or the agricultural banks, and could purchase their needs only through the supply and marketing societies. Thus the farmer found that he had no acceptable alternative to becoming a member.

Cooperative Farming. While strong emphasis has been placed on cooperative farming, the idea was introduced in stages. The first stage was expropriation of lands belonging to noncultivating owners and distribution of these lands to farmers with uneconomic units and to landless laborers. Next, small farmers were organized into mutual aid teams, and then were persuaded to organize into cooperative farming societies. Small holdings are brought together by pooling. Members are paid a dividend for land committed and also receive a compensation for work.

Although the Chinese hope to increase productivity by this method, they have other objectives for forming cooperatives. First, it is believed necessary for the survival of Communism that peasant proprietorship be replaced by cooperative farming. Second, it will be easier to procure the food supplies necessary for feeding an expanding urban population if the farmers are organized into larger units. And third, it is difficult to do crop planning for millions of individual farmers, whereas, if there are large cooperative farms, their program may be planned and controlled so as to conform to the overall plan of the country.

Some Chinese experts state that they expect cooperative farming to increase yields by 10 to 15 percent, but there seems to be no basis for this statement. In areas visited where it was claimed that production had gone up considerably as a result of cooperative farming, it was found in many cases that this system of farming had been in effect for no more than a year. More time and further trials are necessary before the effectiveness of this type of organization can be evaluated. Furthermore, the increased yields realized so far can be attributed to such factors as hard work, better seed, and to the Chinese peasant, who is an excellent cultivator.

Weak Points in Program. There are many strong features in China's agricultural program, but there are also many weak points. China is weak on planning—especially long-range planning. Plans lack a scientific basis for estimating. Long-term goals appear to be far too optimistic in contrast to annual goals, which in most cases are lower and more realistic.

One of the most glaring defects of the program is the force which a totalitarian government uses instead of persuasion. Such methods

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the members—and those in Communist China, the USSR and other satellite countries, which are controlled by the state and are imposed upon farmers to implement the state's own planned objectives.

Spain to Buy $49.6 Million Worth Of U. S. Agricultural Commodities

U.S. Ambassador John Davis Lodge (seated left) and Spanish Minister of Foreign Affairs, Alberto Martin Artajo (seated directly opposite), sign a Title I, P.L. 480 agreement providing for the sale of $49.6 million worth of surplus U.S. farm products to Spain. Among those looking on are John S. Burgess, Jr., U.S. agricultural attache (standing left), and Spanish Minister of Commerce, Manuel Arburua (seated center). Signed in Madrid on Oct. 23, the agreement includes cottonseed and/or soybean oil, beef, corn, tobacco, inedible tallow, and linseed oil.

would be unacceptable in any democratic country. Another extremely weak point is the government's failure to mechanize labor. Most of the work is done manually and the drudgery of farming is much worse than in India. Mechanization to lighten the burden on farm workers is not planned—at least not in the next 15 years—so that the peasant has nothing to look forward to but the same difficult lot.

In spite of these limitations, the psychological effect of the program on the population has not been adverse. If there is a consciousness of the steel fist in the background, at the same time there is a mass popular enthusiasm and a disciplined effort that cannot be explained by fear and force alone.

Rhodesian Tobacco Group Recommends Crop Cut

The Council of the Rhodesian Tobacco Association has recommended a production limit of 150 million pounds of flue-cured leaf for the 1956-57 season—10 million pounds less than the 1955-56 harvest.

The Council also recommended that a Rhodesian federal trade commissioner be posted at Geneva to negotiate European tobacco sales at government levels; and that another of its federal trade commissioners be appointed at Hong Kong to encourage tobacco sales in the Far East.

Loan to Costa Rica Will Aid Agriculture

Costa Rica has concluded negotiations with the World Bank for a $3 million loan. It will be used to grant credit aid in agriculture, cattle raising, and the importing of capital goods for light industry. This loan will be made available through the country's national banking system when a guaranty agreement is ratified by Costa Rica's Legislative Assembly.

Japan's Foreign Currency Budget Shows New Farm Import Pattern

Revised Japanese budget figures now available for the entire fiscal year (Apr. 1, 1956-Mar. 31, 1957) indicate that Japan will import much less rice and tobacco and somewhat less wheat than in fiscal 1955, but more barley, soybeans, beef tallow, and cotton.

In September, Japan expanded its foreign currency budget for the second half of its 1956 fiscal year to an unprecedented $2.3 billion. Primary reason is the need of more industrial raw materials to support its fast-growing national economy and to increase its exports. But major agricultural commodities account for about a third of the $1.9 billion allocated for commodity imports in the last half of fiscal 1956.

The October-March figures allow a $63 million reserve for rice, despite a bumper crop in 1955 and the prospect of another this year. To bolster its trade with rice-supplying countries, Japan is likely to import some 594,000 metric tons in 1956-57—a total much less than half that of 1955-56.

The need for wheat has also been decreased by the two big rice crops. The total import budget for 1956-57 is now 2,117,000 tons, or 216,000 less than in 1955-56. The October-March budget includes 200,000 tons of U.S. wheat under the second P.L. 480 agreement.

The barley allocation for 1956-57 is 966,000 tons—a postwar record. Of the October-March amount, the dollar area will probably furnish 276,000 tons, more than half.

Soybean imports for 1956-57 are budgeted at 749,000 tons, 33,000 more than were programmed in 1955-56. There are now some indications that Japan's crop may fall short of earlier estimates.

Total allocation for raw cotton in 1956-57 is 2,550,000 bales. This increase of 322,000 over 1955-56 is due to the recent sharp decline in U.S. raw cotton prices and to rising mill requirements.

Beef tallow imports for 1956-57 are now allocated at 143,000 tons, against 116,000 in 1955-56. This reflects a sizable increase in soap production.

The 1956-57 budget for leaf tobacco is sharply down, 4,250 tons compared with 11,359 in 1955-56, owing to domestic overproduction last year. Japan is buying much less leaf from India, none from Indonesia, and less from the United States under the second P.L. 480 agreement than under the first.

Brazil Ups Minimum 1957 Farm Prices

The Government of Brazil has increased minimum prices to farmers for all crops except wheat for the 1956-57 crop year. Rice has been increased 20 percent; beans, 27 percent; corn, 28 percent; and peanuts, 12 percent. The largest increase was 50 percent for sunflower seed.

This year minimum prices were announced earlier than usual in an effort to protect producers and consumers against speculation and to assure greater agricultural stability.

Bad Weather Hits New Zealand Dairymen

Bad winter weather has brought heavy losses to one of New Zealand's biggest dairy producing areas—Northland.

Steady rains, floods, and cold weather all winter have cut dairy output about 15 percent, killed 15,000 head of cattle—mostly calves and dairy cows—destroyed pastures, and brought feed shortages. New Zealand's dairy industry is particularly susceptible to extremes in weather, for farmers put up little feed and make no provision for housing their stock.

Before starting their tour of U.S. tobacco centers, Finnish tobacco officials are shown a new FAS pamphlet on world tobacco analysis by Robert Owen, director, FAS Tobacco Division. Left to right, Bror Sievers, Mr. Owen, Walter Shaw, Taavi Pohjanpalo, Martti Santala, Gilbert von Rettig, and Toivo Hukkinen.

Europeans Study U.S. Tobacco

Two groups of Euorpean tobacco officials — Finnish and French — visited this country recently to study U.S. tobacco distribution and marketing. The Finnish delegation was headed by Taavi Pohjanpalo, secretary of the tobacco manufacturers' association, and the French by Pierre Grimanelli, director of France's Tobacco Monopoly.

Both groups made the trip under a USDA program for the development of foreign markets for American leaf, in cooperation with the U.S. tobacco industry.

African Tobacco

(Continued from page 7)

with large areas suitable for tobacco growing, has been in an especially favorable position to increase its export trade.

In a relatively short period the Federation has become the world's second largest exporter of flue-cured tobacco, the principal kind moving in international trade. Exports of tobacco from the Federation have been encouraged by a tariff preference equivalent to 21.5 U.S. cents per pound in the important United Kingdom market, and 8 cents in the Australian market. In addition to this advantage, Rhodesian flue-cured leaf has sold for an average of 6.5 cents per pound below U.S. flue-cured leaf during the past 3 years, and is currently selling at about 12 cents below the 1956 average price for U.S. flue-cured tobacco. In 1956, Rhodesian production, faced with stepped-up U.S. marketing efforts, increased beyond demand; as a result, the price dropped.

Guaranteed-purchase arrangements concluded by the Federation with tobacco manufacturers in a number of British Commonwealth countries—including the United Kingdom, Australia, and the Union of South Africa—provide an outlet for more than two-thirds of the Federation's tobacco crop. There is also a trade agreement with France, under which France and her colonies will import about $1.2 million worth of Federation tobacco annually in exchange for French luxury items. The price advantage that Rhodesian tobacco enjoys in important markets, plus the guaranteed-purchase arrangements and the fact that dollars are not required for purchases of Rhodesian leaf, has encouraged a substantial boost in production and exports of Rhodesian leaf above prewar levels. Leaf tobacco production in the Federation has increased from an average of 43 million pounds in 1935-39 to about 200 million in 1956. Exports rose from 33 million pounds in 1935-39 to 124 million in 1955. Last year the Federation supplied nearly 10 percent of all leaf tobacco moving in international trade and accounted for two-thirds of total tobacco exports from African countries.

Although Federation flue-cured leaf tobacco has good color, U.S. leaf excels it in other important quality characteristics such as flavor and body. In the most important quality markets, the percentage of Federation leaf that consumers prefer in their cigarettes is limited. Prospects for continued exports at the annual rate of recent years—about 125 million to 135 million pounds—are very good. At the present level of world tobacco consumption, however, any larger exports by the Federation would be competing with leaf of much lower quality produced in such countries as India and Thailand. Successful competition in this field would mean a drastic lowering of prices, which for the 1956 crop were already sharply below those for the previous season. It is doubtful that Rhodesian tobacco growers will expand their tobacco acreage greatly in the immediate future, although production could show significant gains because of larger yields per acre.

The Federation will undoubtedly intensify its efforts to push export sales through bilateral trade agreements. This method will be used particularly for countries with which the Federation has unfavorable trade balances. It can also be clearly foreseen that growers will have government assistance in solving any marketing problems that may arise from overproduction.

Competition from tobacco produced in Algeria and Madagascar has sharply reduced the market for U.S. leaf in France and the French monetary zone. Algeria and Madagascar together exported over 52 million pounds last year, compared with 30 million annually during 1935-39. Most of the tobacco exports from these countries move to France and its overseas possessions. Algerian exports to France, consisting chiefly of dark leaf, have replaced the dark U.S. tobaccos formerly imported in large volume. Madagascar's exports, consisting chiefly of leaf similar to the U.S. Maryland type, have largely supplanted the substantial quantities of U.S. Maryland that the French market took during the early 1930's. The French Tobacco Monopoly virtually guarantees the purchase of the entire Madagascar tobacco crop. Present indications are that both Algeria and Madagascar will continue to supply France and its possessions with important quantities of leaf tobacco. Another French overseas tobacco-producing area—French Equatorial Africa—is moving significant quantities of leaf tobacco to France.

Mozambique enjoys a tariff preference in the mother country of Portugal. Its exports of light cigarette tobaccos have increased considerably during the past few years, and indications point to a continuation of that trend. Portuguese Government policy is to encourage imports from sources other than the United States, which traditionally has supplied a high percentage of the leaf sold on the Portuguese market. The government is now undertaking market development work in Mozambique, to stimulate production of light tobacco. A producers' organization has been successful in exporting leaf tobacco to a number of outlets in Western Europe.

Except for the countries mentioned above, however, it is probable that during the foreseeable future tobacco producing countries in Africa will provide no significant competition for U.S. tobacco in world markets.

$5 Million Cattle Loan To Mexico by Ex-Im Bank

Both north and south of the U.S. border, cattlemen will benefit from the new $5 million loan to Mexico by the Export-Import Bank for the purchase of U.S. cattle. This loan, the result of a joint mission sent to Mexico City by the Bank and USDA, will help both U.S. livestock owners in drought areas and Mexican livestock owners seeking to rebuild and upgrade their herds after the elimination of foot-and-mouth disease.

At least three-fourths of the $5 million will be used to purchase U.S. beef cattle for breeding purposes. The remaining fourth may be used to buy U.S. dairy cattle.

Each year since 1948, except 1951, Mexico has imported more than 1,000 head of U.S. breeding cattle. Since 1952, annual imports have exceeded 2,000 head, and in 1955 reached nearly 8,000.

The new loan was approved in favor of the Banco Nacional de Credito Agricola, which will relend the funds to individual livestock purchasers. The Mexican Government unconditionally guarantees this loan. It is repayable in four annual installments beginning about Dec. 1, 1957.

Members of the mission were Allan B. Kline and Edward J. O'Connor of the Export-Import Bank and Albert K. Mitchell, cattleman from New Mexico, who served as a consultant to Secretary of Agriculture Ezra Taft Benson.

Republic of Ireland

(Continued from page 12)

most of its imported wheat from Canada and Australia, but takes small quantities of U.S. wheat also. Other farm imports from the United States are irregular shipments of dried, citrus, and canned fruits; nuts, chiefly almonds; and vegetable oils.

Despite an indicated Irish preference for certain U.S. goods—especially tobacco, corn, and raisins—foreign-exchange shortages create many problems for U.S. farm exports. Competing strongly in price are corn from Argentina, cotton from Peru and Mexico, barley from Iraq, and oranges of the Valencia type from Israel and Spain. U.S. raisins in some years make up as much as half of all Ireland's raisin imports; but there is always keen competition with shipments from Greece and Turkey.

During 1956 the Irish Government, in an attempt to check inflationary pressures and reduce its overall trade deficit, placed special import levies on a wide range of consumer goods. Agricultural items affected included dried and canned fruit, citrus, nuts and some other food products. The regular duty on tobacco was also increased.

It is doubtful whether these measures will seriously reduce the U.S. share in Irish agricultural imports. Ever since World War II, Ireland has been in more or less acute balance-of-payments difficulties; yet the U.S. share of its total agricultural imports has remained at about the same level since 1951. And Ireland's dollar deficits are now being somewhat offset by receipts from tourists and emigrants and by other "invisibles."

Whether Ireland eventually increases its imports of U.S. farm commodities will probably depend on the successful development of its livestock industry and the increased buying power and higher standard of living that would result. In its livestock development program, Ireland can use larger imports of U.S. feedstuffs, if prices are right. And with increased buying power, Irish consumers could afford more of the U.S. tobacco and specialty foods they already know.

TRADING POST

Chile May Change Some Import Duties

The President of Chile has been authorized to reduce import duties on lard and edible tallow up to 50 percent. The duty on frozen meat and meat products has been suspended for a year. These moves may stimulate U.S. exports of edible tallow to Chile and also open that market to variety meats from the United States.

Alfalfa Seed Shipments To Europe Soar

The United States shipped a record volume of alfalfa seed to Europe in 1955-56. The Netherlands, West Germany, United Kingdom, and France were the biggest customers. The large movement of U.S. seeds to Europe was attributed to low domestic prices and not to a foreign shortage.

U.S. Shipping Seeds To South America

The United States exported more than 2.3 million pounds of grass and legume seeds to South America during the 1955-56 crop year. Chile and Uruguay were the largest buyers, and all the South American countries, except Paraguay, imported some.

Indian Linseed Oil Export Duty Lifted

The Government of India has announced that linseed oil exports are no longer subject to export duty. The duty was originally imposed on April 11 to combat rising prices; its abolition became effective September 21.

Brazil Again Exports Rice

During the first half of 1956 Brazil exported 69,269 metric tons of rice, the first significant quantity to leave the country since 1952. The principal destinations were Indonesia, and Senegal, West Africa. The rice available for export was from the carryover of the 1955 harvest.

No surplus for export is expected from the 1956 harvest, since there will probably be a strong demand from the southern area of Brazil. Moreover, some plantings were down from the previous season, and unseasonable rains have caused heavy losses to the crop.

Tallow and Grease Exports Are Up

Exports are playing an increasingly important part in the marketing of tallow and grease from the U.S. livestock industry. The 1935-1939 average of such exports was but 2 percent of production. By 1950 the figure had gone up to 23 percent. In 1953-55, the average was somewhat above 40 percent. During the marketing year July 1955 through June 1956, U.S. tallow and grease exports totaled an estimated 1.7 billion pounds, or 52 percent of U.S. production.

Argentina Sending More Chilled Beef to U. K.

A preliminary estimate shows that chilled beef shipments to the United Kingdom from Argentina may total as high as 270,000 tons for 1956. This is about 162,000 tons more than in 1955. Although rising sharply, chilled beef exports are still below prewar levels, being limited by a shortage of cold storage and shipping space.

Three Trade Agreements Feature Tobacco

The Greek-Japanese trade and payments agreement recently renewed to Mar. 31, 1957, includes $500,000 worth of Greek leaf tobacco to be exported in exchange for Japanese goods. This is nearly $169,000 more than last year's exports to Japan.

In a new trade agreement between Pakistan and West Germany, which will be valid through June 30, 1957, Pakistani tobacco is listed as one of the items available for export in exchange for German goods. No shipments of Pakistani tobacco to West Germany have been reported in the past.

The Austrian-Hungarian trade agreement, extended to Aug. 31, 1957, includes 441,000 pounds of Hungarian tobacco to be exported in exchange for Austrian goods—an increase of 265,000 pounds over the total shipped to Australia last year.

Turkey Increases Tobacco Exports

Turkey's tobacco exports of 100 million pounds during the first half of 1956 were 41 million pounds above the same period of 1955. Large shipments to the United States, stepped up to offset last year's drop, accounted for most of the increase.

Exports to Eastern European countries also were considerably larger. Bilateral trade agreements are helping Turkey move a considerable amount of leaf behind the Iron Curtain.

Suez Canal Moves More Oil-Bearing Crops

Total northbound movement of oil-bearing materials from China and Manchuria through the Suez Canal for the first 6 months of 1956 was nearly one-third larger than in the same period of 1955. Soybean shipments were up more than 2 million bushels, peanuts were up 79,000 tons, and vegetable oil shipments of 334,000 tons were up about 5 percent.

Israel Levies Tax On Raw Cotton Imports

To encourage its new and rapidly expanding cotton growing industry, Israel recently announced an import duty equivalent to 8.89 cents a pound on cotton imports. Previously cotton imports were exempt from customs duties in accordance with the government's policy of supporting industrial production. The United States and Turkey are the principal shippers of cotton to Israel.

West Germany to Import Canned Deciduous Fruits

Licenses to import canned deciduous fruits, including apricots, peaches, pears, and mixed fruits, from all producing countries will be issued upon application, the West German Government announced on Oct 19.

African Citrus Exports Short of Estimates

The South African citrus crop will be packed and ready for export by the middle of this month. The 6.5 million boxes for export is about a million boxes less than original estimates indicated and only 250,000 boxes more than last year. Most of South Africa's citrus shipments go to the United Kingdom.

San Salvador Restricts Hybrid Seed Corn Sales

San Salvador has placed restrictions on hybrid corn seed that affect not only domestic sales but also imports and exports. No seed can be sold, whether locally grown or imported, that has not passed rigid inspection tests to guarantee its quality. Furthermore, exports cannot be made without obtaining a special permit.

U. S. Aids Poultry With Export Program

The United States will provide export payments of 5½ cents per pound on U.S. poultry to be shipped to West Germany under Section 32, Agricultural Adjustment Act of 1935, as amended.

About 3 million pounds of frozen ready-to-cook broilers, fowl, ducks, and turkeys, and New York dressed ducks will be included in the program. All shipments will be USDA inspected and graded.

Recent surveys in West Germany have shown a potential market for the superior quality U.S. ready-to-cook poultry over the noneviscerated product commonly bought by German consumers.

The program supplements efforts being made in cooperation with the International Trade Development Committee of the poultry industry to develop export markets for poultry products.

European Crops

(Continued from page 14)

was light in Italy, as in other Mediterranean countries. Corn production may be up, and citrus production also.

In SPAIN, the output of wheat, potatoes, dry legumes, and cotton should be larger than in 1955, and olive oil production is expected to rise well above the low level of last year. The almond crop is up somewhat, though still small. Feedgrain output, in contrast, is down, and citrus production will drop heavily because of the freeze damage to trees. In PORTUGAL, grain production is up. Little information has been received about olive oil, but 1956 is a low year in Portugal's normal 2-year cycle. In GREECE, the grain harvest is about the same as last year, and crops of olives, grapes, and other fruits are large. Cotton production continued to increase, but tobacco production dropped under the record 1955 level.

To summarize the country information available in early October, it appears that European breadgrain production may be down from last year by about 10 percent, with the millable quantity showing a heavier drop. France, a large net exporter of wheat in the past two seasons, will be a large net importer in 1956-57. The decline in French exports may be partly offset by increased exports from Italy, which hopes to reduce its large stocks of soft wheat by about 37 million bushels. But gross imports of wheat by European countries, excluding the Soviet satellites, totaled about 500 million bushels in 1955-56, and more will be needed this season.

Europe's feed-grain production may be up 5 percent; for Western Europe alone, the increase will perhaps exceed 10 percent. Domestically produced feed supplies will be further increased by unusually large amounts of unmillable wheat and larger supplies of potatoes and roots. At the same time, the hay crops were so generally poor that winter feed supplies may be short unless the winter is an open one.

Among other crops of special interest to U.S. agriculture, Europe's small cotton crop is above the 1955 level, and the decline in seed oil production in Western Europe is not expected to offset the probable increase in olive oil output. But tobacco production in Western Europe, including Yugoslavia, is presently estimated to be 3 percent smaller than in 1955. Output of fruit, especially citrus and prunes, will be down, and the almond crop is the smallest on record.

Later revisions of crop estimates are not likely to alter substantially the overall picture here described. Considering also the generally favorable economic situation in Western Europe and the various special U.S. export programs, there appear to be good prospects for increasing sales of U.S. farm products in European markets in 1956-57.

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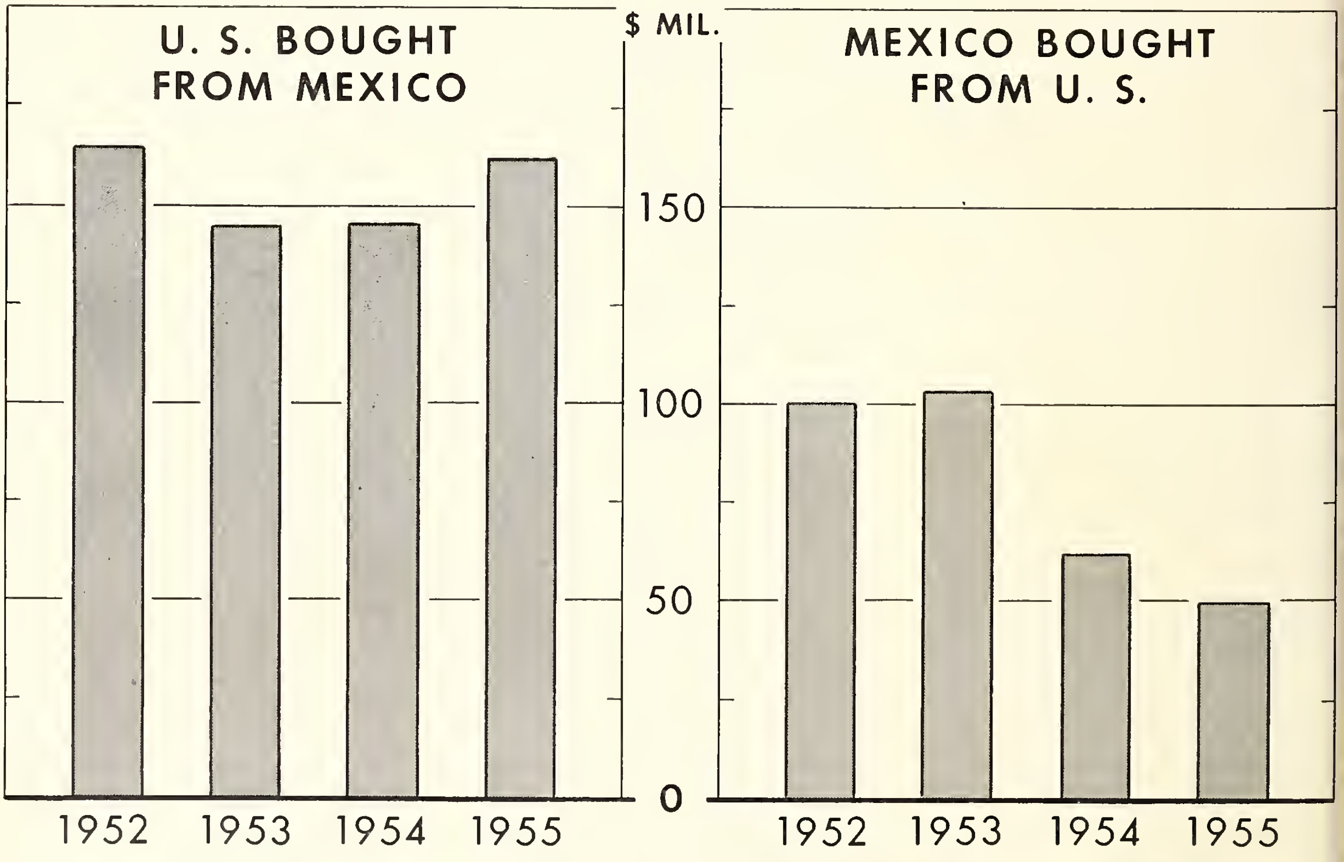

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